

# FISCAL NOTE

**Bill #:** HB0402

**Title:** Revise licensure fees of food manufacturer's and retail establishments

**Primary Sponsor:** Lindeen, M

**Status:** As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

## Fiscal Summary

	<b><u>FY 2006 Difference</u></b>	<b><u>FY 2007 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$0	\$0
<b>Revenue:</b>		
General Fund	(\$506)	(\$675)
State Special Revenue	(\$9,619)	(\$12,825)
<b>Net Impact on General Fund Balance:</b>	(\$506)	(\$675)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Local Gov. Impact     | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input type="checkbox"/> Needs to be included in HB 2  |

## Fiscal Analysis

### ASSUMPTIONS:

1. Under this bill, a person who operates both a retail and wholesale food establishment will be required to pay an inspection fee for just one of the establishments.
2. It is estimated that there are 450 licensed food manufacturers in the State of Montana.
3. Of the 450 licensed food manufacturers, it is estimated that 150 also have a retail food establishment license.
4. The establishment license fee is \$90 annually. This bill would result in an estimated annual reduction of revenue of \$13,500 (150 licenses x \$90 per license). The reduction for FY 2006 would be 75 percent of this amount, \$10,125, due to the delayed effective date of October 1, 2005.
5. License fee revenue is deposited as follows: ninety percent into the state special revenue fund for the local board inspection account, five percent into the general fund and five percent into the state special revenue fund created in MCA 50-57-213 for the department to administer the account.
6. The annual revenue reduction of \$13,500 will reduce state special revenue for the local board inspection fund by \$12,150 (\$13,500 x 90 percent), general fund by \$675 (\$13,500 x 5 percent) and state special revenue fund to administer the account by \$675 (\$13,500 x 5 percent). These amounts are reduced again by 25 percent in FY 2006 to account for the effective date of October 1, 2005. The reductions for FY

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(continued)

2006 are: state special revenue for the local board inspection fund by \$9,113 ( $\$13,500 \times 90 \text{ percent} \times 75 \text{ percent}$ ), general fund by \$506 ( $\$13,500 \times 5 \text{ percent} \times 75 \text{ percent}$ ) and state special revenue fund to administer the account by \$506 ( $\$13,500 \times 5 \text{ percent} \times 75 \text{ percent}$ ).

**FISCAL IMPACT:**

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Revenues:</u>		
General Fund (01)	(\$506)	(\$675)
State Special Revenue (02)	(\$9,619)	(\$12,825)
 <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$506)	(\$675)
State Special Revenue (02)	(\$9,619)	(12,825)

**EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:**

This bill eliminates an estimated \$9,113 in FY 2006 and \$12,150 in FY 2007 that would have been placed in the state special revenue fund for the local board inspection account to be distributed to local boards of health upon documentation of successful completion of performance standards.

**TECHNICAL NOTES:**

1. Wholesale food manufacturers are obligated to comply with separate and significantly different and more restrictive regulations and requirements than their retail counterparts. Establishments operating as both retail and manufacturers must be inspected using two separate sets of inspection criteria.
2. Because no effective date provision is contained in the bill, the effective date is October 1, 2005.